

RECENT FEDERAL RESERVE OPEN MARKET COMMITTEE DECISIONS RAISE SERIOUS QUESTIONS

The SPEAKER pro tempore (Mr. THORNBERRY). Under the Speaker's announced policy of January 21, 1997, the gentleman from Massachusetts [Mr. FRANK] is recognized during morning hour debates for 5 minutes.

Mr. FRANK of Massachusetts. Mr. Speaker, the recent decision by the Federal Reserve Open Market Committee to raise interest rates in itself raises two very serious questions, one substantive and one procedural. The substantive question is will America be permitted to grow economically at a rate sufficient to overcome some of our most pressing social problems or will the Federal Reserve be allowed to snuff out that growth? And that is also the procedural question, because we have a nonelected body consisting of seven members who were at least appointed by the President and confirmed by the Senate and four others, regional bank presidents who are officers of private corporations in effect, the Federal regional banks, making the single most important economic judgment that will be made in America this year, and that simply cannot be allowed to go forward.

Alan Greenspan is a man of good will, and he is doing what he thinks is right. But what he thinks right strikes many of us as profoundly wrong. When Mr. Greenspan testified before the House Committee on Banking and Financial Services we asked him, several of us, whether there was any evidence of inflation given the growth that we have seen in recent years. His answer candidly was no. I asked him if he did not agree that he had in fact himself been too pessimistic in his analysis of the ability of the economy to grow without generating inflation. He admitted that he had been too pessimistic, he has been wrong over these past years.

We reached a level of unemployment far lower than what Mr. Greenspan and others of the Federal Reserve thought we could reach without triggering inflation; the inflation did not come. Mr. Greenspan decided nevertheless, with the support of the others on that committee, to raise interest rates to slow down growth. In other words, Mr. Greenspan has told us we are creating too many jobs in America. Many of us of course feel that our problem has been that we have not created enough jobs.

We made a decision last year; I did not agree with it, but the country made it, to make drastic changes in the welfare system. Everyone agrees that that will work only if the people who have been on welfare are able to be absorbed into the work force. Mr. Greenspan and his colleagues have just taken a step which will make it very much more difficult. Obviously, the people on welfare are among the last to be hired. They are people with skill deficiencies and other problems. An economy which is not growing rapidly simply will not assimilate them.

We just heard a previous speaker complain about NAFTA. Trade is a very controversial issue in this country. There are many who believe that we ought to be increasing international trade, but increasing international trade creates both winners and losers in America. An economy which is growing, an economy in which new jobs are being created is better able to deal with the transitions of international trade. By clamping down on growth, by announcing that America simply will not be allowed to grow as rapidly as it has been growing because of his fear of an inflation which he acknowledges he cannot yet point to, Mr. Greenspan not only cuts out the benefit of that growth but exacerbates other problems.

We have a dispute over how deeply we have to cut important programs to reach a balanced budget. Those disputes turn in part on differing estimates between the Congressional Budget Office and the Office of Management and Budget about the rate of growth. Again Mr. Greenspan has just said to us there will be less growth, there will therefore be less revenue and the painful decisions involved in getting the deficit to zero by 2002 will become more painful.

There is a legitimate question for this country as to what risks we want. Many of us believe that a combination of trends have made it possible for us to grow more rapidly than in the past without inflation. Mr. Greenspan and some of his colleagues in the central bank apparatus believe that the risks of inflation are so great that they do not want to find out whether or not that is true. They have decided we will not continue to see how long we can grow without inflation actually arising. He did what he said was a preemptive strike, but which looked to many of us like a self-fulfilling prophecy. Not only is that wrong it seems to be substantively, but from the standpoint of democracy that is not a decision that a handful of appointed officials and private bank officials ought to make.

So I will be working with many of my colleagues to ask this body through its Committee on Banking and Financial Services, through other committees and through the floor itself to address this issue: the question of what degree of growth we will strive for. The question of when we will choke off growth because of an anticipation of inflation that has not yet appeared must not be left to a handful of bankers or a handful of any other appointed officials. It must be done through the democratic process.

The possibility that America can increase the rate of growth that is non-inflationary, which has appeared to many of us to be more and more likely over the past few years, cannot be snuffed out this easily, and I hope, through a variety of means, that we will be allowed to bring to the floor of this House, before the Federal Open Market Committee meets again, this

issue so it can be debated as it ought to be in a democratic society.

THE SAFE ACT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentlewoman from Maryland [Mrs. MORELLA] is recognized during morning hour debates for 2 minutes.

Mrs. MORELLA. Mr. Speaker, I am pleased to be joining my colleagues, the gentleman from New York [Mr. ACKERMAN] and the gentlewoman from New York [Mrs. MCCARTHY], in introducing the Stop Arming Felons Act today. Today we will introduce it.

Current law bans convicted felons from owning firearms. However, felons may upon release from prison petition the Bureau of Alcohol, Tobacco and Firearms to restore their gun ownership rights.

Congress acted in 1992 to rein in this program by denying it funds. Therefore, no funds have been appropriated since then. However, the appeals procedure itself has been maintained in law. Consequently, convicted felons are bypassing the ATF by going directly to the courts for relief.

The Stop Arming Felons Act, or we can call it the SAFE Act, using the acronym, will help to put a stop to this abuse of the court system and the evasion of the will of Congress and the people. The SAFE Act will permanently prohibit felons convicted of violent crimes from applying for restoration of gun rights, making clear to the courts that their appeals may not be considered.

So I urge my colleagues to join me in supporting this SAFE Act.

NEED FOR APPOINTMENT OF INDEPENDENT COUNSEL

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentleman from Indiana [Mr. BUYER] is recognized during morning hour debates for 5 minutes.

Mr. BUYER. Mr. Speaker, I come to the House floor; I do not come here often, but I come with very deep concern. A majority of the majority party Members of the U.S. House of Representatives Committee on the Judiciary sent a letter to the U.S. Attorney General Janet Reno. The letter that we sent was pursuant to section 592(g) of title 28, United States Code, that she apply for the appointment of an independent counsel to investigate the following matters:

□ 1245

The illegal contributions to the Democratic National Committee in connection with the 1996 elections.

No. 2, the attempted influence of the 1996 elections by foreign countries, foreign corporations, or persons representing such entities; and, No. 3, the improper fundraising conduct or practices by administration officials, the